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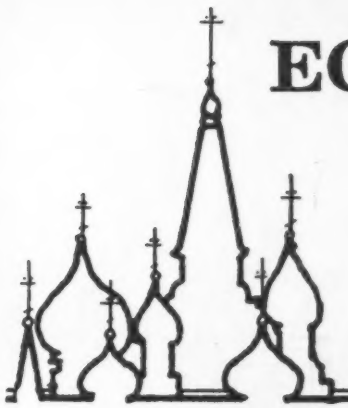

ECONOMIC NEWSLETTER

Russian Research Center
Harvard University

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We Stand Corrected

One of our readers, Stephen Moody, has correctly pointed out that our recent discussion about the rate of exchange between the ruble and the dollar in the official Soviet auction was misstated (see letter below). The rate we were reporting was the auction rate of the ruble in relation to the *invalyutnii* ruble. That is approximately 60% higher than the rate which shows up for the dollar.

We do, however, have some new quotations to report. In the auction that took place on May 22, 1990, the established rate was set at 35.1 rubles to the *invalyutnii* (or purportedly hard-currency) ruble. That would mean that 21.085 rubles would buy one dollar.

In any event, this indicates a further deterioration in the ruble. This amounts to a drop of about 30% in the auction value of the ruble from May 10 to May 22. Overall, since the auctions began in November of last year, the exchange rate of the ruble has fallen 2.3 times. This also seems to reflect, as Mr. Moody points out, the black market tendency.

Here are the ruble auction prices we have recorded since November 3, 1989:

rubles to the hard-currency ruble	
November 3, 1989	15.2
January 21, 1990	17.5
February 21, 1990	21
April 5, 1990	23
May 10, 1990	27
May 22, 1990	35.1

All of this stands in contrast to the official tourist rate, at which one dollar buys 6.26 rubles. That in turn contrasts with the official rate of exchange, which is that one dollar buys 63 kopecks. Travelers to the Soviet Union should be careful when they go into the beriozka stores, where they will encounter the $1.00/63 kopecks rate of exchange.

In the meantime, we thank Steve for taking the time to write to us. We welcome letters from all our readers.

Unfortunately, the breakdown of trade figures for all of 1989 has not yet appeared in the West. The Soviets have not published their foreign trade monthly since March. We do not know if this is a result of perestroika or the fault of the mail system. Moreover, we will have to wait for the next newsletter for material about production for the first half of the year. In lieu of these figures, we have decided to present some materials taken from the new and very interesting journal published by the cooperative, FAKT, which is entitled *Kommersant*. They have compiled an informal survey of prices. It should be emphasized that this is not an official source. However, there is some reason to treat even official price indices with some skepticism. Nonetheless, this is the information they report, subject to many qualifications.

The Growth of Average Prices from March to June in percentages

	state sector	new coops	free sector (black market)
food products	0.6%		47%
clothing & shoes	2.4%	4.3%	34%
durable goods	1.2%		87%
services	4.8%	4.4%	4%
Total	1.8%	4.3%	65.1%

Letters to the Editor

To the editor:

I note that in the latest issue of the *Economic Newsletter* (June 18, 1990) you report the value of the ruble at the May 12 auction as 27 to the dollar. In fact, *Ekonomika i Zhizn'* (No. 21, May 1990, p. 2) reports the auction results as 27.11 rubles per *invalyutniy rubl'* which, I assume, means 27.11 rubles per official rate ruble, or 16.285 rubles per dollar (27.11/1.6647).

The latter, 16.285 rubles per dollar, is of course closer to the Black Market rate which in May was still running between 15 and 22 to the dollar, depending on the size of the transaction and whom one was dealing with. The auction was small (a freckle more than six hundred thousand dollars) but nonetheless remarkable at that rate, since there aren't that many cab drivers who can handle a half-million dollar deal.

On the lighter side, Amtorg Trading in New York is offering foreign clients the opportunity to buy Lada automobiles for their *valyuta*-less Soviet friends. The cars range in price from $5750 to $10,000, FOB Leningrad factory, eight weeks after payment.

The brochure accompanying this announcement features a brand new Lada 2107 four-door parked over a sizable oil slick. It's impossible to tell from the photograph whether the leak is from the transmission or the crankcase, and the caption doesn't specify. A minor detail, I'm sure.

Stephen S. Moody
Soviet Trade and International Marketing

FOREIGN EXCHANGE RATES
as of July 4, 1990
Quoted in rubles

	Official Rate	Special Rate
£100 Sterling	103.81	1038.10
100 Aust. Sch.	5.10	51.00
100 D. Marks	35.78	357.80
100 D. Guilders	31.80	318.00
100 U.S. Dollars	59.22	592.20
100 Fr. Francs	10.65	106.50
1,000 Jap. ¥	3.91	39.10
10,000 It. Lire	4.88	48.80
100 Swiss Frs.	42.18	421.80
100 Nor. Kroner	9.30	93.00
1,000 Bel. Frs.	17.42	174.20
100 Sw. Kronor	9.86	98.60

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Loss of Working Hours in 1989
(in thousands of working days)

	Total	Industry	Construction
USSR	7302.6	5449.6	914.1
Russian SSR	1235	998.9	151.3
Kom ASSR	116.6	113.5	3.1
Rostov Oblast	15.5	15.5	-
Kemerovsk Oblast	1059	848	137
Omsk Oblast	8.3	.2	8.1
Krasnoyarskii Krai	7.1	7.1	-
Magadanskii Oblast	3.6	2.3	.1
Yakutskii ASSR	3.3	.5	.5
Ukrainian SSR	971.9	902.7	69.1
Voroshilovgradskii Oblast	335	309.3	25.7
Dnepropetrovskii Oblast	81.5	68.8	12.7
Don Oblast	521.7	492	29.7
Lvov Oblast	26.6	25.4	1
Belorussian SSR	11.9	4.9	3.1
Gomelskii Oblast	9.1	2.8	2.7
Minsk (city)	1.8	1.8	-
Uzbek SSR	10.9	6.6	4.3
Kasakh SSR	63.1	47.2	4.3
Gurevskii Oblast	18.8	2.9	4.3
Karagandunskii Oblast	44.1	44.1	-
Georgian SSR	1290.5	610.4	135.3
Azerbaijanian SSR	1980.4	1406.5	360.8
Nagorno-Karabakh Oblast	994.6	700.7	199.7
Moldavian SSR	1508.8	1260.8	179.5
Armenian SSR	210.5	210.5	-
Estonian SSR	17.9	1	6.4

SOCIAL BAROMETER

TRUST IS FALLING

Edited by Prof. Yuri LEVADA

The All-Union Centre for the Study of Public Opinion recently followed up the May poll on political opinions. More than 1,400 people were questioned.

Do you believe that the present government is capable of extricating the country from the economic crisis?

Yes	8% (in May 14%)
Rather yes than no	10% (18)
Rather no than yes	35% (29)
No	32% (19)
Undecided	15% (20)

To what extent do you trust the country's leadership today?

Completely	6% (14)
In the main	33% (44)
Not at all	46% (30)
Undecided	15% (12)

Whom do you trust more?

Eduard Shevardnadze	31%
Nikolai Ryzhkov	27%
Nikolai Gubenko	15%
Leonid Abalkin	9%
Vadim Bakatin	6%
Dmitry Yazov	4%

Vladimir Kryuchkov, Alexandra Biryukova, Valentina Pavlova, Mikhail Nenashev, Vladimir Shcherbakov—each 1%.

Do you support the demand that the government resign?

Yes	46%
No	22%
Undecided	32%

What is your attitude to the concept of transition to a regulated market economy, proposed by the USSR government on May 24, 1990?

Positive	14%
Negative	51%
Undecided	35%

What is your attitude to the government's proposed increase in prices from July 1990?

Positive	33%
Negative	61%
Undecided	6%

What will be the consequence for the country's leadership if it proves unable to lead the country out of the crisis soon?

A coup at the top	13% (13)
Loss of power as a result of public action	25% (26)
Transfer of power to other political forces in a parliamentary way	22% (17)
No serious consequences for the leadership	16% (18)
Undecided	24% (26)

Do you back the election of Boris Yeltsin as Chairman of the RSFSR Supreme Soviet?

Yes	84%
No	15%
Undecided	1%

Do you approve of the proclamation by the Congress of RSFSR People's Deputies asserting the priority of Russia's laws above the laws of the USSR?

Approve	50%
Do not approve	24%
Undecided	26%

LOOKING INTO THE FUTURE

In the May poll the following question was put to 2,500 people:

If we had a multiparty system, which party would you vote for?

CPSU	18.8%
CPSU (democratic platform)	10.9%
Workers	9.6%
Ecological (Greens)	7.2%
Social-Democratic	7 %
Independent republican CP (communist)	3.9%
Democratic Union	2.3%
Peasants	2.2%
National-patriotic	1.6%
Liberal-Democratic	1.1%
Union of businessmen	1 %
Christian-Democratic	0.9%
Anarchist	0.6%
Islamic	0.5%
Undecided	29%